

## 10. Collective Bargaining and Workers' Participation in Management

### Collective Bargaining

*Collective Bargaining is a process in which the representatives of the employer and of the employees meet and attempt to negotiate a contract governing the employer-employee union relationship.*

Collective bargaining is a joint regulating process which deals with the regulation of management relationships with working people as well as the regulation of conditions of employment.

“ *Collective Bargaining is a social process that continually turns disagreement into agreements in an orderly fashion.*  
- Flanders

Sometimes it can also be seen as a political relationship in which trade unions share industrial sovereignty or power over those who are governed, i.e., the employees. Such sovereignty is jointly held by the management and the union in the process of collective bargaining.

### Forms of Collective Bargaining

According to **Chamberlain and Kuhn**, collective bargaining takes two basic forms, viz., **Conjunctive Bargaining** and **Cooperative Bargaining**. In *conjunctive bargaining*, both parties seek to reach an agreement whereas, in *cooperative bargaining*, each party is dependent on the other and can achieve its objectives more effectively if it wins the support of the other.

**Walton and McKersie** however, distinguished collective bargaining into four types, **distributive bargaining, integrative bargaining, attitudinal structuring and intra-organizational bargaining**.

- (i) **Distributive Bargaining:** It involves haggling over the distribution of surplus. *Under it, the economic issues like wages, salaries and bonus are discussed. In distributive bargaining, one party's gain is another party's loss.*
- (ii) **Integrative Bargaining:** *This involves negotiation of an issue on which both parties may gain, or at least neither party loses. For example, representatives of employer and employees may bargain over a better training programme or a better job evaluation system.*
- (iii) **Attitudinal Structuring:** This involves shaping and reshaping some attitudes like trust or distrust, friendliness or hostility between labour and management. *When there is a backlog of bitterness between both the parties, attitudinal structuring is required to maintain smooth and harmonious industrial relations.*
- (iv) **Intra-Organisational Bargaining:** *This is a type of manoeuvring to achieve consensus with the workers and management. Even within the union there may be differences between different groups.*

### Objectives of Collective Bargaining

The main objectives of collective bargaining are as follows:

- (i) To maintain cordial relations between the employer and the employees.
- (ii) To protect the interests of workers through collective action and by preventing unilateral action on the part of the employer. All employees are treated on equal footings.

- (iii) To ensure that participation of trade unions in industry.
- (iv) To avoid the need for Government intervention as collective bargaining is a voluntary process.
- (v) To promote industrial democracy.

### **Importance of Collective Bargaining**

- (i) It is a pragmatic and democratic method of regulating the terms and conditions of employment.
- (ii) Collective bargaining results in better understanding between employers and employees.
- (iii) Collective bargaining provides a flexible means of adjusting wages and conditions of employment to changes in economic, social, technological and political environment.
- (iv) Collective bargaining helps in establishing a code that defines the rights and obligations of each party.
- (v) Collective bargaining facilitates better implementation of decisions due to the direct involvement of both the parties.

### **Worker's Participation in Management**

Traditionally the concept of Worker's Participation in Management (WPM) refers to participation of non-managerial employees in the decision-making process of the organization. Workers' participation is also known as '**labour participation**' or '**employee participation**' in management. Workers' participation in management implies mental and emotional involvement of workers in the management of Enterprise.

**“ According to International Labour organization “Workers' participation, may broadly be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from exchange of information, consultations, decisions and negotiations, to more institutionalized forms such as the presence of workers' member on management or supervisory boards or even management by workers themselves.”**

*The main implications of workers' participation in management as summarized by ILO :*

- *Workers have ideas which can be useful*
- *Workers may work more intelligently if they are informed about the reasons for and then intention of decisions that are taken in a participative atmosphere*

**“ According to Keith Davis, Participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility of achievement.**

**According to Michael Salamon has referred to three distinctly different interpretations of the term "employee participation". Firstly as a socio-political concept or philosophy of industrial organization, it is synonymous with "Workers' Control' or "Industrial Democracy".**

Therefore according to above definition "Workers' participation in Management gives workers, the opportunity to give voice to their opinions and determine the policies and operational decisions of an enterprise or organization. This participation may be of different degrees and may assume different forms such as information sharing, problem sharing, joint consultation, joint decision making and co partnership."

### Characteristics of Worker Participants

- Participation means mental and emotional involvement rather than mere physical presence. It is more than consent or approval to managerial actions.
- Workers participate collectively as a group through their representatives rather than participating individually.
- Workers participation may be formal or informal. In both the cases, it is a system of communication and consultation.
- Workers participation is different from collective bargaining. Collective bargaining is based on power play, pressure tactics and negotiations, whereas participation is based on mutual trust, information sharing and mutual problem solving.
- There can be four levels of participation: shop floor, plant, department and corporate levels.

### Objectives of Workers Participation in Management

To raise level of motivation of workers by closer involvement.

- To provide opportunity for expression and to provide a sense of importance to workers.
- To develop ties of understanding leading to better effort and harmony.
- To act on a device to counter-balance powers of managers.
- To act on a panacea for solving industrial relation problems.

### Forms of Works Participants in Management

At present the following participative forums are prevalent in India.



**1. Board level Participant :** This would be the highest form of industrial democracy. The worker's representatives on the board can play a useful role in safeguarding the interest of workers. He or she can serve as a guide and a control element.

- Employee can prevail upon the top management not to take measures that would be unpopular with the employees
- Employee can guide the board members on matters of investment in employee benefits schemes like housing, and so forth

**2. Ownership Participants :** This involves making the worker's shareholders of the company by inducing them to buy equity share.

**3. Complete Control :** Workers acquire complete control of the management through elected boards. The system of self- management in Yugoslavia is based on this concept. Self -management gives complete control to the workers to manage directly all aspects of industries through their representatives.

**4. Staff and Work Council :** Staff Council or Work council is bodies on which the representation is entirely of the employees. There may be one council for the entire organization or a hierarchy of councils. The employees of the respective section elect the members of the councils.

**5. Joint Council Committee :** Mainly these bodies are consultative and advisory, with decision-making being left to the top management. This system of participation is prevalent in many countries, including Britain and India. As they are consultative and advisory, neither the managements nor the workers take them seriously.

Examples of such committees are welfare committee, safety committee, etc. Such committees have not proven to be too effective in promoting industrial democracy, increasing productivity and reducing labour unrest.

**6. Collective Bargaining :** Through the process of Collective Bargaining management and workers may reach collective agreement regarding rules for the formulation and termination of the contract of the employment, as well as conditions of service in an establishment. Even though these agreement, are not legally binding, they do not have some force, for Collective Bargaining to work, the workers'.

**7. Job Enlargement and Enrichment :**

- Job enlargement means expanding the job content-adding task element horizontally.
- Job enrichment means adding 'motivators' to the job to make it more rewarding.

This is WPM in that it offers freedom and scope to the workers to use their judgment. But this form of participation is very basic as it provides only limited freedom to a worker concerning the method of performing his/her job. The worker has no say in other vital issues of concern to him-issues such as job and income security, welfare schemes and other policy decisions.

**8. Suggestions Schemes :** Employee's views are invited and reward is given for the best suggestion. Suggestions can come from various levels. The ideas could range from changes in inspection procedure to design changes, process simplification, paper work reduction and the like. Out of various suggestions, those accepted could provide marginal to substantial benefits to the company. The reward given to the employees are in line with the benefits derived from the suggestions.



**9. Quality Circle :** Concept originated in Japan in the early 1960's and now has spread all over the world. QC consists 7-10 people from the same work area who meet regularly to define, analyze and solve quality and related problems in their area.

**10. Empowered Teams :** Empowerment occurs when authority and responsibility are passed on to the employees who then experience a sense of ownership and control over their jobs. Employee may feel more responsible, may take initiative in their work, may get more work done, and may enjoy the work more.

**11. TQM :** TQM refers to the deep commitment, almost obsession, of an organization. Every step in company's process is subjected to intense and regular scrutiny for ways to improve it:

Some traditional beliefs are discarded :

- High quality cost more
- Quality can be improved by inspection
- Defects can not be completely eliminated
- Quality in the job of their QC personnel

New Principles of TQM are :

- Meet the customers requirement on time, the first time, and 100% of the time
- Strive to do error-free work
- Manage by prevention, not correction
- Measure the cost of quality

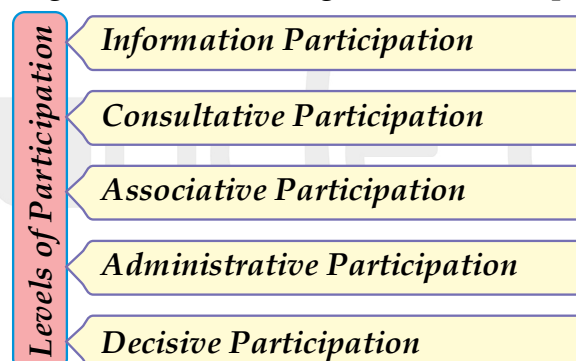
TQM is called participative because it is a formal programming involving every employee in the organization, making each one responsible for improving quality everyday.

**12. Financial Participation :** Some schemes of financial participation :

- Profit-linked pay
- Profit sharing and Employees's Stock Option schemes
- Pension-fund participation

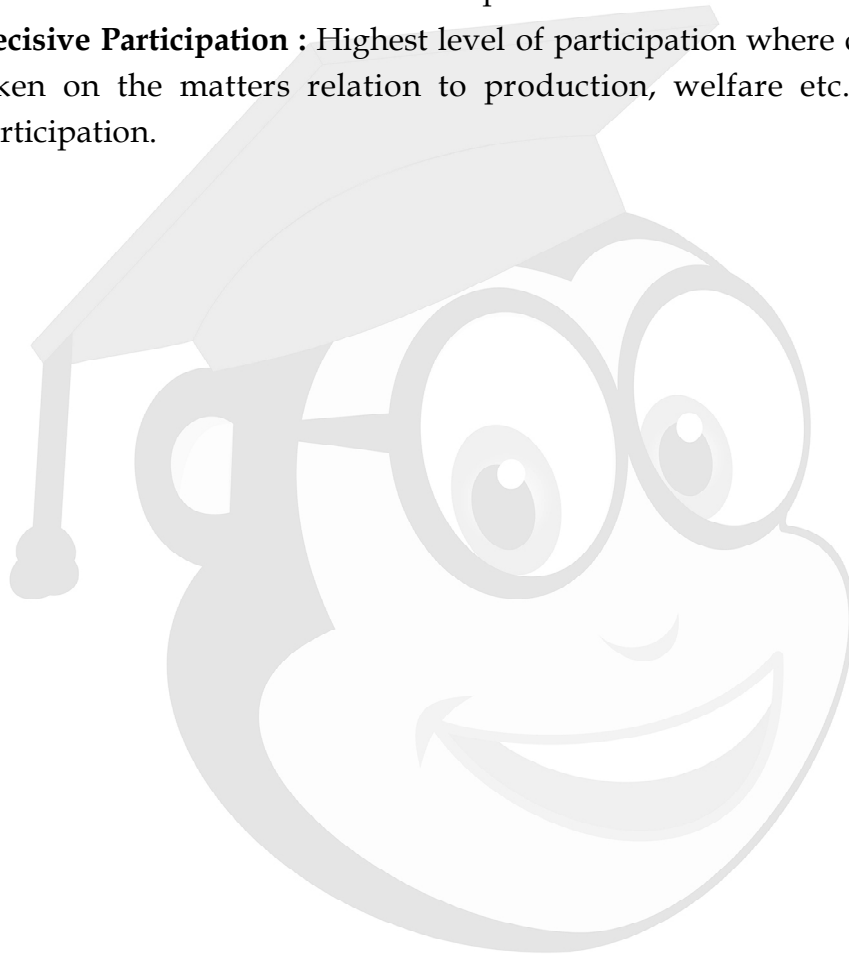
### Levels of Participation

Workers' participation is possible at all levels of management; the only difference is that of degree and nature of application. For instance, it may be vigorous at lower level and faint at top level. Broadly speaking there is following five levels of participation:



- 1. Information Participation :** It ensures that employees are able to receive information and express their views pertaining to the matters of general economic importance.

2. **Consultative Participation** : Here works are consulted on the matters of employee welfare such as work, safety and health. However, final decision always rests at the option of management and employees' views are only of advisory nature.
3. **Associative Participation** : It is extension of consultative participation as management here is under moral obligation to accept and implement the unanimous decisions of employees.
4. **Administrative Participation**: It ensure greater share of works in discharge of managerial functions. Here, decision already taken by the management come to employees, preferably with alternatives for administration and employees have to select the best from those for implementation.
5. **Decisive Participation** : Highest level of participation where decisions are jointly taken on the matters relation to production, welfare etc. is called decisive participation.



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